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COMMERCE FOR SBERLINGUETTE
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TREASURY FOR IA-BAUKOL

E.O. 12598: N/A
TAGS: [BEXP](#) [EINV](#) [ECON](#) [ID](#)
SUBJECT: COP-13 TRADE MINISTERS' SIDE MEETING

[11](#). (SBU) SUMMARY: Minister of Trade Mari Pangestu hosted a November 30 briefing to discuss the program and objectives for the Informal Trade Ministers Dialogue on Climate Change (ITMD - CC) in Bali on December 7-8, 2007. The dialogue's purpose is to discuss how trade and investment policies can contribute to achieving global climate change objectives. The Trade Ministers' dialogue is scheduled on the margins of the 13th Conference of Parties of the United Nations Framework of Convention on Climate Change (UNFCCC), hosted by the Government of Indonesia (GOI) in Bali. End Summary.

Adjusting Expectations

[12](#). (SBU) The Trade Ministerial, originally described as a "high-level dialogue," was reframed by the Ministry of Trade (MOT) as an "informal brainstorming session" to discuss the linkages between trade policies and climate change. The reframing appears to be a deliberate means to adjust expectations and assuage participant concerns of an overly ambitious agenda. Minister Pangestu stated that although she hopes the ITMD would provide input to the UNFCCC, it is not intended for negotiating or influencing the UNFCCC process. She also insisted the conference was not designed as a proxy to invigorate stalled WTO discussions.

Trade Policy Used for Good, Not Evil

[13](#). (SBU) Minister Pangestu proposes to discuss how trade and investment policies can help achieve sustainable patterns of economic growth. She hopes the Ministerial will address specific policies and initiatives that could serve to "align global trade policies with climate change objectives" while promoting sustainable economic growth. She outlined potential policy instruments with suggestions on implementation, including next steps and follow-on actions. The outline also includes proposed commitments and hints at shared conclusions.

Possible Policy Instruments

[14](#). (SBU) Pangestu proposed possible policy instruments to align trade policy with climate change objectives, including:

- Liberalization of trade and investment in low-emission goods, including eliminating tariffs and non-tariff barriers (NTB) on environmental goods and services;
- Developing of international product standards to facilitate trade in low carbon products;
- Providing incentives for shift toward a low-carbon economy via reduction of subsidies on high emitting energy fuels and commitment to IPR to facilitate transfer of low-carbon technology to developing countries.

Pangestu cites the UNFCCC as a means for coordinating a uniform approach to pricing greenhouse gas emissions as well as "accelerating" the "technology transfer agenda." She also suggested international financial institutions could be engaged to develop aid-for-trade programs designed to facilitate climate change objectives.

Ministerial as Academic Roundtable

15. (SBU) Pangestu's portrayal of the Ministerial as a relaxed, intellectual brainstorming session reflects her training as a former academic. Her briefing did suggest conclusions and follow-up actions that could conceivably be presented to the UNFCCC as jointly agreed recommendations. Pangestu insists the Ministerial is meant to be informal and not intended to produce any specific deliverable beyond providing input to the UNFCCC process. According to Pangestu, input includes identifying actions and/or proposals for possible follow up. MOT staff members we talked with reinforced the same message.

HUME